

Message Text

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21

ACTION EUR-12

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R 230900Z OCT 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 5179

INFO USIA WASHDC

USDOC

AMEMBASSY BELGRADE

UNCLAS BUCHAREST 5415

DEPT PLS PASS USDA

USIA FOR IEU-SHIRLEY; ICS/E

USDOC FOR BEWT

BELGRADE FOR AGATT

E.O. 11652: NA

TAGS: SCUL RO

SUBJ: OUTLOOK FOR SALES DERIVING FROM BUCHAREST INTERNATIONAL FAIR

REF: BUCHAREST 4789

1. EMBASSY CONVINCED ON BASIS OF INQUIRIES WITH FTOS AND
MINISTRY OFFICIALS THAT AGRICULTURE THEME FOR BUCHAREST
INTERNATIONAL FAIR IN OCTOBER, 1976, COULD LEAD TO SIGNIFICANT
SALES OF AGRICULTURE-RELATED MATERIAL. WE EXPECT
THAT WELL-CHOSEN DISPLAY EQUIPMENT COULD BE SOLD IN ADVANCE AND
SALES WOULD ALSO
BE GENERATED DURING THE FAIR. AS BEWT IS AWARE, WE CAN GET
NO SPECIFIC FIGURES IN ADVANCE FOR ANY THEME. BUT SIGNS
POINT TO ROMANIA BECOMING A MARKET FOR U.S. FARM MACHINERY
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AND THE FAIR TAKES PLACE AT A PROPITIOUS TIME FOR INITIAL

PENETRATION OF THE MARKET.

2. ROMANIA HISTORICALLY HAS BEEN A GRAIN EXPORTER AND REFERENCES TO AGRICULTURE AS THE BEDROCK OF THE ECONOMY ARE STILL STANDARD IN BRIEFINGS BY OFFICIALS. BUT THERE IS PERCEPTIBLE EROSION IN THE FERVENCY OF SUCH CLAIMS. THE COUNTRY THIS YEAR WILL EXPERIENCE ITS THIRD CONSECUTIVE YEAR OF DEFICIT PRODUCTION IN GRAINS. THE FACT IS THAT THE HEADLONG RUSH FOR CREATING MANUFACTURING INDUSTRIES LEFT LITTLE IN THE WAY OF FUNDS FOR AGRICULTURE, EVEN THOUGH PLANNING CALLED FOR MECHINIZATION OF AGRICULTURE SO THAT ITS SHARE OF MANPOWER WOULD FALL FROM THE CURRENT LEVEL OF 40 PERCENT TO 28 PERCENT IN 1980 AND BY 1990 TO 16 PERCENT OF THE WORKING POPULATION. IN THE PAST FIVE YEARS THE NUMBER OF TRACTORS IN USE HAS ACTUALLY DECREASED (A MODEST INCREASE IN TRACTOR HORSEPOWER HARDLY COMPENSATES). ROMANIAN OFFICIALS ADMIT PRIVATELY THAT TRADICITIONAL METHODS MUST BE ABANDONED SOON IN FAVOR OF SOPHISTICATED TECHNOLOGY.

3. THE ROMANIANS LOOK TO THE UNITED STATES FOR PROGRESS IN AGRICULTURE. VIRTUALLY NO EXCHANGES OF SPECIALISTS OR OF TECHNOLOGY SEEM TO TAKE PLACE WITH THE SOVIET UNION. AT THE MOMENT, MOST OF THE SENIOR OFFICIALS AND MANY JUNIOR OFFICIALS OF THE MINISTRY OF AGRICULTURE HAVE BEEN TRAINED IN THE U.S. OR HAVE WORKED ON AMERICAN FARMS. BILATERAL AGREEMENTS ON AGRICULTURAL TRADE AND ON RESEARCH WERE SIGNED LAST MONTH AND SECRETARY OF AGRICULTURE BUTZ IS TO VISIT NEXT MONTH. MOMENTUM HAS THUS DEVELOPED IN OUR RELATIONS IN THE FIELD OF AGRICULTURE AND THE SALE OF EQUIPMENT MUST NOT BE NEGLECTED AS THE PROGRAM UNFOLDS.

4. THE F.T.O.: DEALING IN AGRICULTURAL EQUIPMENT (UNIVERSAL-TRACTOR) BELIEVES THAT ADVANCED TECHNOLOGY AND HIGH-CAPACITY EQUIPMENT HOLD EXCELLENT SALES POSSIBILITIES IN THE COMING PERIOD. ROMANIA MEETS MOST OF ITS REQUIREMENTS FOR TRACTORS OF UP TO 180 HP CAPACITY AND RELATED EQUIPMENT; THESE ARE SUPPLEMENTED BY ITEMS PRODUCED IN COMECON COUNTRIES. WESTERN EQUIPMENT USED IN AGRICULTURE IS NOT COMMONLY SEEN, HOWEVER -- ALTHOUGH UNIVERSAL-TRACTOR SALES STATES THAT JAPANESE FIRMS ARE REGULARLY IN TOWN WITH OFFERINGS. IT WAS NOTED THAT TEHNOEXPO 75 FAIR (JUST UNCLASSIFIED

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COMPLETED) DISPLAYED AGRICULTURAL MACHINERY BY MOST OF THE EAST EUROPEAN COUNTRIES BUT NONE FROM THE WEST. UNIVERSAL-TRACTOR CLAIMS THEY HAVE HAD DIFFICULTY IN CORRESPONDING WITH AMERICAN FIRMS (EXCEPTIONS BEING MASSEY-FERGUSON AND FORD).

5. ASIDE FROM EQUIPMENT USED IN PRODUCING FIELD CROPS, THE MINISTRY OF AGRICULTURE HAS INDICATED THAT AMERICAN PARTICIPATION IS SOUGHT IN IRRIGATION AND SOIL-EROSION CONTROL. BEYOND THAT,

THERE IS INTEREST, AMONG OTHER THINGS, IN THE TRANSPORTATION, STORAGE AND APPLICATION OF FERTILIZERS; LIVESTOCK-RAISING; SWINE GENETICS; AND DAIRY-PRODUCTS PROCESSING EQUIPMENT. THE ROLE OF FOOD-PROCESSING EQUIPMENT IS LESS CERTAIN, AS THE ROMANIANS HAVE BEEN CONTENT UNTIL NOW WITH MARGINAL EQUIPMENT TO MEET REQUIREMENTS OF THE DOMESTIC MARKET WHILE CONCENTRATING IN THE EXPORT FIELD ON THE MARKETING OF RAW PRODUCTS. SOME EXPORT-PACKAGING EQUIPMENT SHOULD FIND A MARKET, HOWEVER.

6. ONLY FIRM EMBASSY HAS HAD CHANCE TO TALK TO HAS BEEN INTERNATIONAL

HAVESTER (J.A. SCANAVY, MANAGER, SPECIAL OPERATIONS BASED VIENNA), WHICH WISHES TO PARTICIPATE.
VIETS

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